

Message Text

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USOECD

FOL GENEVA 7852 SENT ACTION SECSTATE INFO BRUSSELS COPENHAGEN
HELSINKI STOCKHOLM MAY 22, 1978 REPEATED TO YOU QUOTE

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USMTN, USEEC
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD
SUBJECT: DISCUSSION WITH NORDICS ON LABOR STANDARDS AND
TRADE

REF: GENEVA 02536

1. HEISE OF STR, ALONG WITH MTN DEL (WHITE AND ADDUCI)
MET ON MAY 16 WITH NORDIC DEL (EKBLOM, MANHUSEN, SELMER)
TO DISCUSS LABOR STANDARDS AND TRADE. A NORDIC PROPOSAL
INFORMALLY FLOATED IN THE DC "TEXT-BUILDING" EXERCISE
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(REFTEL) WOULD ADD A PROVISION THAT THE BURDEN OF ADJUST-
MENT IN THE IMPORTING COUNTRY WOULD BE INFLUENCED BY
LABOR STANDARDS UNDER WHICH INJURIOUS IMPORTS WERE PRODUC-
ED. U.S. REQUESTED ELABORATION OF NORDIC PROPOSAL FOR
INPUT TO WASHINGTON INTERAGENCY DISCUSSION OF LABOR
STANDARDS AND TRADE DISTORTIONS. DISCUSSION WILL ALSO
BE HELPFUL IN FORMULATION OF U.S. RESPONSE TO NORDIC

PROPOSAL IN SAFEGUARD GROUP. HEISE DISCUSSED THE BEGIN-
NINGS OF U.S. INTERNAL DISCUSSION IN FURTHERANCE OF TA
SECTION 121(A)(4) AND POINTED OUT SEPARATION OF U.S.
DISCUSSION FROM PRESENT SAFEGUARD NEGOTIATIONS AND THIS
STAGE OF MTN.

2. NORDICS EXPLAINED THAT THEIR INITIATIVE WAS PROMPTED
BY HEAVY LABOR PRESSURE AND DISCUSSION AT HOME OF "NEW
INDUSTRIAL COLONIALISM" THAT NOTES THE OPPORTUNITY FOR
ABUSES OF TRADE CREATED BY EXPORT TRADE ZONES AND
FOREIGN INVESTMENT.

3. NORDICS STATED THEIR VIEW THAT IN AS MUCH AS SAFE-
GUARDS ARE TO BE TEMPORARY AND THAT THE IMPORTING COUNTRY
HAS AN OBLIGATION TO ADJUST, THIS OBLIGATION SHOULD BE
QUALIFIED BY THE CONDITIONS UNDER WHICH THE INJURIOUS
GOODS ARE PRODUCED. NORDICS CONSIDERED IT POLITICALLY
INFEASIBLE TO EXPECT INJURED INDUSTRY IN IMPORTING
COUNTRY TO BEAR BURDEN OF ADJUSTMENT WHEN EXPORTS WERE
BEING PRODUCED UNDER PATENTLY UNACCEPTABLE LABOR CONDI-
TIONS. CONDITIONS UNDER WHICH A COUNTRY MIGHT MODIFY ITS
ADJUSTMENT INCLUDE SLAVE OR FORCED LABOR, CHILD LABOR,
AND SIMILAR BASIC CONDITIONS. THEY REFERRED TO A NUMBER
OF ILO CONVENTIONS IN RESPONSE TO QUESTION ON FURTHER
DEFINITION OF UNFAIR LABOR CONDITIONS. NEITHER U.S. NOR
NORDICS MORE SPECIFIC THAN GENERAL REFERENCE TO MANI-
FESTLY UNSAFE CONDITIONS OR DELIBERATE DIFFERENCES IN
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CONDITIONS OF PRODUCTION FOR EXPORT.

4. THE NORDIC PROPOSAL IS BEING PUSHED BY THE METAL-
WORKERS' UNION IN ALL THREE COUNTRIES AND IS RELATED TO
THE INTERNATIONAL METALWORKER FEDERATION PROPOSAL FOR A
SOCIAL CLAUSE IN THE GATT. THE METALWORKERS' SOCIAL
CLAUSE WOULD, IN ADDITION TO ESTABLISHING INTERNATIONAL
FAIR LABOR STANDARDS, SET OUT BROAD PRINCIPLES IN REGARD
TO THE NEED FOR EMPLOYMENT, MANPOWER AND INDUSTRIAL
POLICIES, AND SET UP AN ILO-TYPE TRIPARTITE MECHANISM TO
MONITOR THE PROGRAM. NORDICS TOOK CARE TO SEPARATE THEIR
PROPOSAL FROM THE BROADER SOCIAL CLAUSE AND TO EMPHASIZE
THE NARROWER, MORE SPECIFIC NATURE OF THEIR PROPOSAL,
WHICH DID NOT INCLUDE EITHER A REFERENCE TO OVERALL MAN-
POWER POLICIES OR A TRIPARTITE COMMITTEE.

5. THE NORDICS ASKED IF WE WERE AWARE THE SAME INTER-
NATIONAL LABOR GROUPS WERE PRESSING MR. CHEYSSON OF THE
EC COMMISSION FOR LABOR STANDARDS IN THE LOME AGREEMENT.
HEISE RELATED THAT U.S. HAD NOT YET TALKED TO THE EC BUT
THAT MR. MEYER, CHEYSSON'S DEPUTY, WAS IN WASHINGTON THIS
WEEK AND THE SUBJECT WOULD BE BROUGHT UP.

6. THE NORDICS, AT USMTN DEL REQUEST, EXPANDED ON HOW THEIR SAFEGUARD PROPOSAL WOULD OPERATE: AN IMPORTING COUNTRY WHICH WAS TAKING A SAFEGUARD ACTION WOULD TAKE NOTE IF INJURIOUS IMPORTS WERE BEING MADE UNDER CONDITIONS THAT WERE NOT COMPATIBLE WITH CERTAIN BASIC, ACCEPTED LABOR CONDITIONS. IF SO, THE IMPORTING COUNTRY WOULD CONSIDER IT HAD NO OBLIGATION TO ADJUST. IT WOULD, OF COURSE, CONSULT WITH THE EXPORTING COUNTRY BUT WOULD NOT NECESSARILY PHASE OUT THE SAFEGUARDS ACTION UNLESS THE CONDITIONS WERE IMPROVED. NORDICS MADE CLEAR THAT DECISION WOULD BE BY IMPORTING COUNTRY. NORDICS ASSOCIATED THIS PROPOSAL WITH THEIR POSITION THAT SAFEGUARDS MUST BE TEMPORARY, MAY BE SELECTIVE, AND MUST BE LIMITED OFFICIAL USE

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ASSOCIATED WITH INJURY.

7. U.S. REPS STATED THAT U.S. DOES NOT HAVE A POSITION ON NORDIC PROPOSAL, BUT HEISE NOTED INTRAGOVERNMENTAL EFFORTS NOW UNDERWAY TO DETERMINE WHAT, IF ANYTHING, IS POSSIBLE IN THIS AREA. U.S. REPS FURTHER REMARKED THAT ACTION IN FURTHERANCE OF TA 121(A)(4) WITHIN CONTEXT OF MTN SEEMED UNLIKELY BUT SUGGESTED THAT ISSUE MIGHT AT SOME TIME BE EXPLORED IN OTHER FORA (E.G., OECD) AS WELL AS GATT.

8. COMMENT: THE NORDICS DID NOT APPEAR TO BE PREPARED TO PAY A VERY HIGH PRICE TO PUSH THROUGH THEIR PROPOSAL AND POINTED OUT THAT REACTIONS FROM OTHER DC'S HAVE THUSFAR NOT BEEN ENTHUSIASTIC. IN OUR VIEW NORDICS WILL "TALK UP" THIS ISSUE FOR HOME AUDIENCE CONSUMPTION BUT WITHOUT SUPPORT FROM OTHER KEY DC'S WILL LIKELY NOT PRESS PROPOSAL TOO HARD. END COMMENT.

9. DRAFTED BY HEISE. MCDONALD UNQUOTE CHRISTOPHER

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